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FISCAL IMPACT REPORT

ORIGINAL DATE 1/31/07

SPONSOR T. Garcia LAST UPDATED _____ HB 564

SHORT TITLE Guadalupe County Prisoner Expenses Loan SB _____

ANALYST Propst

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$100.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 564 makes an appropriation of \$100.0 from the General Fund to the State Board of Finance to repay an emergency load to Guadalupe County to house prisoners.

FISCAL IMPLICATIONS

The appropriation of \$100.0 contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY08 shall revert to the General Fund.

SIGNIFICANT ISSUES

DFA reports that, historically, smaller counties have difficulty meeting the high cost of incarcerating prisoners. In 2004 Guadalupe County obtained an emergency loan for \$110.0 from the State Board of Finance. Since then, the county has imposed a Corrections Gross Receipts Tax, and has implemented alternatives to incarceration with the Ankle Bracelet Program, the Video Arraignment Program and the Misdemeanor Compliance Program. These initiatives have helped the County toward financial soundness and on November, 2006 the County requested the State Board of Finance put them on a five year repayment plan.

ALTERNATIVES

DFA notes that, in addition to Guadalupe County, other smaller counties have also borrowed money from the State Board of Finance to pay for escalating incarceration costs. The counties are forced to do this in order to continue operating and meeting required services to county citizens. In all likelihood, these counties do not have the revenue sources required to meet these recurring costs.

A more appropriate remedy for the future may be to appropriate recurring funding to smaller counties, such as proposed in Senate Bill 410 or House Bill 316 which establish a County Detention Facility Reimbursement Fund.

WEP/csd